

## Message Text

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ORIGIN EB-07

INFO OCT-01 NEA-10 ISO-00 SS-15 NSC-05 CAB-02 CIAE-00

COME-00 DODE-00 DOTE-00 INR-07 NSAE-00 FAA-00 SSO-00

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APPROVED BY EB/AN:WBCOBB

NEA/IRN - MR. NAAS

NSC - MR. HORMATS

S/S - MR. ORTIZ

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FM SECSTATE WASHDC

TO AMEMBASSY TEHRAN IMMEDIATE

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E.O. 11652:N/A

TAGS: EAIR, IR

SUBJECT: CIVAIR - IRAN AIR TARIFF

1. FOLLOWING IS TEXT OF PROPOSED CAB ORDER SUSPENDING  
IRAN AIR'S DISCOUNT FARE:

"ORDER OF INVESTIGATION AND SUSPENSION. BY TARIFF REVI-  
SIONS FILED APRIL 15, 1975, EFFECTIVE MAY 15, 1975, PUR-  
SUANT TO AN ORDER OF THE GOVERNMENT OF IRAN, IRAN NATIONAL  
AIRLINES CORPORATION (IRAN AIR) ESTABLISHED SPECIAL  
DISCOUNTS (40 PERCENT OF THE NORMAL FIRST-CLASS AND ECONOMY  
FARES) FOR TRAVEL BETWEEN THE UNITED STATES AND IRAN FOR  
ACTIVE AND RETIRED PERSONNEL OF THE IRANIAN GOVERNMENT AND  
THEIR IMMEDIATE FAMILIES AND FOR IRANIAN STUDENTS BETWEEN  
THE AGES OF 12 TO 30 ENROLLED IN AN EDUCATIONAL  
ESTABLISHMENT IN THE UNITED STATES AND THEIR IMMEDIATE  
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FAMILIES. IMMEDIATE FAMILIES ARE DEFINED TO INCLUDE

SPOUSE, CHILDREN, PARENTS, BROTHERS, SISTERS AND DEPENDENT RELATIVES AND SERVANTS LIVING IN THE HOUSEHOLD.

"UPON CONSIDERATION OF ALL RELEVANT MATTERS, THE BOARD HAS CONCLUDED THAT THE SUBJECT RULE GRANTING DISCOUNTS OF 40 PERCENT TO SELECTED SEGMENTS OF THE FLYING PUBLIC, MAY BE UNJUST, UNREASONABLE, UNJUSTLY DISCRIMINATORY, UNDULY PREFERENTIAL, OR OTHERWISE UNLAWFUL, AND SHOULD BE INVESTIGATED. THE BOARD FURTHER CONCLUDES THAT THIS RULE SHOULD BE SUSPENDED PENDING INVESTIGATION.

"THE BOARD HAS IN THE PAST HONORED FOREIGN GOVERNMENT DIRECTIVES PERTAINING TO TRAVEL BY FOREIGN GOVERNMENT

OFFICIALS ON OFFICIAL BUSINESS AND WILL CONTINUE TO DO SO IN PROPER CIRCUMSTANCES. HOWEVER, IRAN AIR'S TARIFF RULE GOES FAR BEYOND THIS PURPOSE, INVOLVING AS IT DOES SPECIAL FARES FOR SELECTED SEGMENTS OF THE POPULATION AND BASED ON THE OCCUPATIONAL STATUS OF THE INDIVIDUAL.

"THE BOARD HAS PREVIOUSLY FOUND DISCOUNT FARES LIMITED TO STUDENTS TO BE UNJUSTLY DISCRIMINATORY. FURTHER, AS THE UNITED STATES COURT OF APPEALS HAS STATED 'THE RULE OF EQUALITY IS THE VERY CORE AND ESSENCE OF THE FARE STRUCTURE IN THE TRANSPORTATION INDUSTRY.' THUS, 'EQUALITY OF TREATMENT IS PARAMOUNT' AND, THE FACTORS ALLEGED TO JUSTIFY DEPARTURE FROM THE RULE OF EQUALITY 'ARE TO BE WEIGHED IN LIGHT OF THAT PERVASIVE REQUIREMENT.' IN THIS REGARD THE BOARD HAS FOUND THAT SPECIAL DISCOUNT FARES BASED ON THE PARTICULAR STATUS OR AGE OF AN INDIVIDUAL ARE UNJUSTLY DISCRIMINATORY, DOMESTIC PASSENGER-FARE INVESTIGATION, PHASE 5 - DISCOUNT FARES, ORDER 72-12-18, DECEMBER 5, 1972.

"ALTHOUGH THE FEDERAL AVIATION ACT PROVIDES LIMITED DEPARTURES FROM THE BASIC 'RULE OF EQUALITY' NONE IS SET OUT FOR STUDENTS, OR ACTIVE AND RETIRED GOVERNMENT EMPLOYEES, AND THEIR IMMEDIATE FAMILIES. IRAN AIR HAS PRESENTED NO UNIQUE OR EXTRAORDINARY CIRCUMSTANCES, OR DEVELOPMENTAL NEED WHICH WOULD JUSTIFY RESORT TO THESE DISCRIMINATORY LIMITED OFFICIAL USE

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FARES.

"ACCORDINGLY, PURSUANT TO THE FEDERAL AVIATION ACT OF 1958, AS AMENDED, AND PARTICULARLY SECTIONS 204(A), 404, 801 AND 1002(J) THEREOF,

"IT IS ORDERED THAT:

"1. AN INVESTIGATION BE INSTITUTED TO DETERMINE WHETHER THE PROVISIONS IN RULE 295, ON 7TH AND 8TH REVISED PAGES 82-E, TO PASSENGER FARES TARIFF NO. PF 4, CAB NO. 44, ISSUED BY AIR TARIFFS CORPORATION, AGENT, AND PRACTICES AFFECTING SUCH PROVISIONS, ARE OR WILL BE UNJUST, UNREASONABLE, UNJUSTLY DISCRIMINATORY, UNDULY PREFERENTIAL, UNDULY PREJUDICIAL OR OTHERWISE UNLAWFUL, AND IF FOUND TO BE UNLAWFUL, TO TAKE APPROPRIATE ACTION TO PREVENT THE USE OF SUCH PROVISIONS OR RULES, REGULATIONS, OR PRACTICES;

"2. PENDING HEARING AND DECISION BY THE BOARD, THE PROVISIONS ON THE TARIFF PAGES SPECIFIED IN PARAGRAPH 1 ABOVE ARE SUSPENDED AND THEIR USE DEFERRED TO AND INCLUDING OCTOBER 1976 UNLESS OTHERWISE ORDERED BY THE BOARD, AND THAT NO CHANGES BE MADE THEREIN DURING THE PERIOD OF SUSPENSION EXCEPT BY ORDER OR SPECIAL PERMISSION OF THE BOARD;

"3. THIS ORDER SHALL BE SUBMITTED TO THE PRESIDENT (THIS ORDER WAS SUBMITTED TO THE PRESIDENT ON OCTOBER 10, 1975) AND SHALL BECOME EFFECTIVE

"4. THE INVESTIGATION ORDERED HEREIN BE ASSIGNED FOR HEARING BEFORE AN ADMINISTRATIVE LAW JUDGE OF THE BOARD AT A TIME AND PLACE HEREFTER TO BE DESIGNATED; AND

"5. COPIES OF THIS ORDER SHALL BE SERVED UPON IRAN NATIONAL AIRLINES CORPORATION AND PAN AMERICAN WORLD AIRWAYS, INC. WHICH ARE HEREBY MADE PARTIES TO THIS PROCEEDING."

2. FOLLOWING IS TEXT OF PRESIDENT'S LETTER OF OCTOBER 20 TO THE BOARD DISAPPROVING THE PROPOSED ORDER:  
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"DEAR MR. CHAIRMAN: I HAVE REVIEWED PURSUANT TO SECTION 801(B) OF THE FEDERAL AVIATION ACT THE BOARD'S PROPOSED ORDER SUSPENDING CERTAIN PASSENGER FARES PROPOSED BY IRAN NATIONAL AIRLINES CORPORATION IN FOREIGN AIR TRANSPORTATION.

"WHILE I SUPPORT THE PURPOSE OF THE PROPOSED ORDER, I DESIRE THAT EVERY POSSIBLE ATTEMPT BE MADE TO REACH A NEGOTIATED SOLUTION WITH THE IRANIAN AUTHORITIES. IN ORDER TO PROVIDE A CONDUCIVE CLIMATE FOR FURTHER NEGOTIATIONS, WHICH THE GOVERNMENT OF IRAN HAS REQUESTED AND TO WHICH THE UNITED STATES GOVERNMENT HAS AGREED, THE FARES IN QUESTION SHOULD CONTINUE TO BE ALLOWED FOR THE TIME BEING.

"I AM ACCORDINGLY DISAPPROVING THE BOARD'S PROPOSED ORDER

FOR REASONS OF FOREIGN POLICY INsofar AS THE ORDER WOULD BECOME EFFECTIVE IMMEDIATELY, AND I REQUEST THAT THE ORDER BE RESUBMITTED TO ME FOR MY APPROVAL IF FURTHER NEGOTIATIONS, WHICH SHOULD BE HELD WITHIN 45 DAYS, DO NOT RESOLVE THE MATTER. SINCERELY, GERALD FORD."

3. TEXT OF CAB ORDER MAY BE GIVEN TO ANSARY BUT TEXT OF PRESIDENT'S LETTER IS FOR YOUR INFORMATION ONLY. INGERSOLL

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## Message Attributes

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